

**Report of Head of Commercial, Leeds Building Services**

**Report to Director of Resources & Housing**

**Date: 6<sup>th</sup> October 2017**

**Subject: Leeds Building Services – Sub-contractor Frameworks – Contract Extensions**

Are specific electoral wards affected? If yes, name(s) of ward(s):	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Is the decision eligible for call-in?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, access to information procedure rule number: Appendix number:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

**Summary of main issues**

1. To seek approval to implement the 12 month extension available within the existing contract with regards to a series of 25 contracts used by Leeds Building Services to deliver works for departments across the Council.
2. A range of contracts were awarded in late 2014 / early 2015 after a competitive tendering exercise. These contracts were for three years with an optional 12 month extension.
3. In order to enable continuity of service delivery by Leeds Building Services through to the end of March 2019 this report seeks to extend these sub-contract arrangements whilst a new procurement strategy is implemented in conjunction with the Head of Commercial and Head of Operations at LBS in line with their business plan requirements.
4. The estimated total value of extending the 25 contracts, based on current expenditure levels, equates to just over £10m.

**Recommendations**

The Director of Resources and Housing is recommended to approve the extension of the following contracts for a period of 12 months for the package value listed below:

<b>Contract Reference</b>	<b>Contract Title</b>	<b>Contract Expiry</b>	<b>Estimated value of extension</b>
9HRF-BKBGC8	Non-Housing – Electrical <ul style="list-style-type: none"> <li>Comtech Services UK Ltd</li> <li>SSE Contracting Building Services Ltd</li> <li>NEO Property Solutions Ltd</li> <li>Excell (UK) Ltd</li> </ul>	31/12/17	£125,000
9HRG-6RN6X8	Non-Housing – Tarmac <ul style="list-style-type: none"> <li>Strategic Team Maintenance Co. Ltd</li> <li>Carthy Contracting</li> </ul>	31/12/17	£680,000
9HRF-TLQ390	Non-Housing – Drainage <ul style="list-style-type: none"> <li>Strategic Team Maintenance Co. Ltd</li> <li>Easaway Draincare</li> <li>SB Utilities</li> </ul>	31/01/18	£10,000
9KJM-EPDYCW	Non-Housing – Emergency Structural Support <ul style="list-style-type: none"> <li>Everlast Group (Scaffolding Division)</li> <li>RIM Scaffolding (Leeds) Ltd</li> <li>Haven Building &amp; Maintenance Ltd</li> </ul>	31/01/18	£10,000
9KJM-AN9XIB	Non-Housing – Glazing <ul style="list-style-type: none"> <li>Neo Property Solutions</li> <li>Kingfisher Windows</li> <li>Kevin Kelly Windows Ltd</li> </ul>	31/01/18	£160,000
9KJM-4FLQFL	Non-Housing – Roofing Felt & Sheet <ul style="list-style-type: none"> <li>Hart &amp; Sumpner Ltd</li> <li>Marcher Roofing Ltd</li> <li>Tucker Tunstalls Ltd</li> <li>SBS Roofing</li> </ul>	31/01/18	£650,000
9KJM-4FLQFL	Non-Housing – Roofing Slating & Tiling <ul style="list-style-type: none"> <li>Hart &amp; Sumpner Ltd</li> <li>Marcher Roofing Ltd</li> <li>SBS Roofing</li> <li>Haven Building Maintenance</li> </ul>	31/01/18	£35,000
9KJM-EPDYCW	Non-Housing – Scaffolding <ul style="list-style-type: none"> <li>RIM Scaffolding (Leeds) Ltd</li> <li>Everlast Group (Scaffolding Division)</li> <li>Haven Building Maintenance</li> </ul>	31/01/18	£70,000
9HRF-BKBGC8	Housing – Electrical <ul style="list-style-type: none"> <li>Tricon Services Ltd</li> <li>SSE Contracting Building Services – Leeds</li> <li>Excell (UK) Ltd</li> <li>Neo Property Solutions Ltd</li> </ul>	22/02/18	£245,000
9HRG-6RN6X8	Housing – Tarmac <ul style="list-style-type: none"> <li>NAB Contractors Ltd</li> <li>Frank Wilson Ltd</li> </ul>	22/02/18	£280,000

	<ul style="list-style-type: none"> <li>• Excell (UK) Ltd</li> <li>• Carthy Contracting</li> </ul>		
9KJM-4FLQFL	Housing – Roofing Felt & Sheet <ul style="list-style-type: none"> <li>• Marcher Roofing Ltd</li> <li>• Haven Building &amp; Maintenance</li> <li>• SBS Roofing Ltd</li> </ul>	25/02/18	£395,000
9KJM-4FLQFL	Housing – Roofing Slating & Tiling <ul style="list-style-type: none"> <li>• Marcher Roofing Ltd</li> <li>• Excell (UK) Ltd</li> <li>• Haven Building &amp; Maintenance</li> <li>• SBS Roofing</li> </ul>	25/02/18	£815,000
9KJM-EPDYCW	Housing – Scaffolding <ul style="list-style-type: none"> <li>• RIM Scaffolding (Leeds) Ltd</li> <li>• Everlast Group (Scaffolding Division)</li> <li>• Haven Building &amp; Maintenance</li> </ul>	25/02/18	£200,000
9KJM-AN9XIB	Housing – Glazing <ul style="list-style-type: none"> <li>• Kingfisher Windows</li> <li>• Excell (UK) Ltd</li> <li>• Neo Property Solutions</li> </ul>	25/02/18	£600,000
9LKB - 4D8CM2	Non-Housing – Fencing Metal <ul style="list-style-type: none"> <li>• Brailsford Brother (Barnsley) Ltd</li> <li>• Excell (UK) Ltd</li> <li>• Simon Calvert Contractors Ltd</li> <li>• Neo Property Solutions Ltd</li> </ul>	31/03/18	£15,000
9LKB - 4D8CM2	Non-Housing – Fencing Timber <ul style="list-style-type: none"> <li>• Neo Property Solutions Ltd</li> <li>• Marcher Roofing Ltd</li> <li>• Excell (UK) Ltd</li> <li>• Simon Calvert Contractors Ltd</li> </ul>	31/03/18	£15,000
9LKB-CX61IJ	Non-Housing – Metalwork <ul style="list-style-type: none"> <li>• Excell (UK) Ltd</li> <li>• Brailsford Brother (Barnsley) Ltd</li> <li>• SB Utilities Ltd</li> </ul>	31/03/18	£15,000
9LGN-34NA5W	Non-Housing – Multi-Trade <ul style="list-style-type: none"> <li>• Southdale Ltd</li> <li>• FSH Maintenance Ltd</li> <li>• Neo Property Solutions</li> <li>• CD Robinson Building &amp; Plastering Contractors</li> </ul>	31/03/18	£1,815,000
9LGN-DKQ825	Non-Housing – Painting & Decorating <ul style="list-style-type: none"> <li>• Alfred Bagnall &amp; Sons (Leeds) Ltd</li> <li>• Mitie Property Services (UK) Ltd</li> <li>• GTD Painting &amp; Property Maintenance Ltd</li> <li>• Bell Group UK</li> </ul>	31/03/18	£245,000
9LKA-DYLN3	Non-Housing – High Level Access <ul style="list-style-type: none"> <li>• Osborne Delta (Lightening Conductors) Ltd</li> <li>• Horizon Specialist Contracting Ltd</li> </ul>	31/03/18	£55,000
9LKB -	Housing – Fencing Metal	31/03/18	£60,000

4D8CM2	<ul style="list-style-type: none"> <li>• Neo Property Solutions</li> <li>• Excell (UK) Ltd</li> <li>• Wakefield &amp; District Housing</li> </ul>		
9LKB - 4D8CM2	Housing – Fencing Timber <ul style="list-style-type: none"> <li>• Marcher Roofing Ltd</li> <li>• Excell (UK) Ltd</li> <li>• Neo Property Solutions</li> <li>• Wakefield &amp; District Housing</li> </ul>	31/03/18	£60,000
9LKB- CX61J	Housing – Metalwork <ul style="list-style-type: none"> <li>• Excell (UK) Ltd</li> <li>• Brailsford Brother (Barnsley) Ltd</li> </ul>	31/03/18	£10,000
9LGN- 34NA5W	Housing – Multi-Trade <ul style="list-style-type: none"> <li>• John Rodriguez Plastering Ltd</li> <li>• Cambridge Construction Northern Ltd</li> <li>• Excell (UK) Ltd</li> <li>• Herbert T Forrest Ltd</li> </ul>	31/03/18	£1,745,000
9LGN- DKQ825	Housing – Painting & Decorating <ul style="list-style-type: none"> <li>• Mitie Property Services (UK) Ltd</li> <li>• Bell Group UK</li> <li>• Excell (UK) Ltd</li> </ul>	31/03/18	£150,000

## **1. Purpose of this report**

- 1.1 The purpose of this report is to obtain approval to extend the above contracts for a period of 12 months to enable LBS to continue to deliver works across the authority in compliance with EU regulations and Contracts Procedure Rules.
- 1.2 The proposal to extend these contracts aligns with the business plan of LBS and the ongoing strategy review presented to Housing SMT.

## **2. Background information**

- 2.1 Property Maintenance and Construction Services merged formally in August 2017 to become Leeds Building Services (LBS) which is Leeds City Council's In-house Service Provider (ISP) for construction works. The ISP are currently delivering responsive repairs, maintenance and planned works to 19,000 council houses in the East North East part of the City as well as 2,100 other council assets across 800 sites including schools, the Civic Estate, officer, sports and leisure centres, and children's homes across the authority.
- 2.2 To ensure delivery of works required to other LCC departments, LBS sub-contract out certain elements of work. Works are sub-contracted where LBS does not have the direct labour resources to carry out the works internally, and generally these works are either specialist repairs or to cover fluctuations in resource levels.
- 2.3 LBS also utilises their sub-contractors to deliver peaks in volumes of work. This will be for supporting peak demand responsive repairs and small works (mainly housing works) where internal resources are limited or do not exist, as well as for larger planned schemes (e.g. summer school works, roofing and multi trade schemes).
- 2.4 These arrangements currently provide coverage through a total of 25 specific elemental trade contracts. They were initially set up to commence in early 2015 (January – April) and are for a three year period in length with an option to extend for a further 12 months.

## **3. Main issues**

- 3.1 The current contracts outlined within this report are delivering with no specific reported performance issues. Some issues have been raised about capacity and the lack of contractor availability/competition, particularly for multi trade.
- 3.2 The 25 sub-contracts begin expiring from December 2017 through to the end of March 2018. Any extension will need to be approved and actioned prior to the first contract expiration to ensure compliancy and service delivery is maintained.
- 3.3 Procurement activity will need to commence in the near future to ensure that the sub-contracts can be replaced following the expiration of the extension period. This will include the review of the structure of the frameworks to reduce the number of contracts and offer a more cohesive approach in line with the LBS strategy.
- 3.4 The value of the proposed extension exceeds the initial advertised value across some of the 25 contracts due to the increased work programme of LBS in the last three years. It is therefore proposed that the extensions are only used for minor value works, as they were originally set up to do, and any major value works will be procured through Constructionline and other approved lists so as to minimise this risk.

## **4. Corporate considerations**

### **4.1 Consultation and engagement**

- 4.1.1 LBS Heads of Service have both been consulted and the procurement strategy was presented to the LBS Programme Board in July 2017 where the recommendation to extend the 25 sub-contracts was approved. Housing Leeds SMT has been consulted via the Heads of Service.
- 4.1.2 PPPU Project Managers, Procurement Officers and Legal colleagues have been involved in considering the extension option and future procurement strategy.
- 4.1.3 Leaseholder and tenant consultation was undertaken prior to the procurement of these contracts and is regularly undertaken where appropriate when works are delivered. Any subsequent procurement activity undertaken to replace these frameworks for future years will also see full consultation with leaseholders and tenants undertaken.

### **4.2 Equality and diversity / cohesion and integration**

- 4.2.1 An Equality and Diversity / Cohesion and Integration screening document has been completed and accompanies this report. The review noted that the proposals contained within this report would not have any impact on any specific individuals or groups in terms of equality, diversity cohesion and integration.

### **4.3 Council policies and best council plan**

- 4.3.1 The original procurement activity was undertaken in line with corporate policies maintained by PPPU. This subsequent extension will also be undertaken in line with the terms of the contract and all corporate policies.
- 4.3.2 The works undertaken under these contracts will contribute to the key City Priorities of 'Improving Housing Conditions' and help maintain properties across the city.
- 4.3.3 Undertaking the extension is in line with the LBS business strategy and proposals.

### **4.4 Resources and value for money**

- 4.4.1 The range of providers appointed to these frameworks are subject to mini competition exercises for elements of work to ensure that the best value is obtained throughout the contract term, this will continue for the duration of the extension.

### **4.5 Legal implications, access to information, and call-in**

- 4.5.1 The extension of these frameworks is a key decision and is therefore subject to call-in. The contracts are being extended in accordance with their terms and the service is satisfied with the option to extend for 12 months.

### **4.6 Risk management**

- 4.6.1 The contract management risks have been managed as part of the contract management plan and regular operational contract meetings will continue for the duration of the extension period.

## 5. Conclusions

- 5.1 The current contracts outlined within this report are delivering with no specific reported performance issues. Some issues have been raised about capacity and the lack of contractor availability / competition, particularly for multi trade.
- 5.2 The proposal to extend these arrangements to their maximum period does not address these issues, however, ensures that there are agreements in place that can be utilised whilst new procurement activity is ongoing with the market place.
- 5.3 Discussion with the LBS Programme Board and Heads of Service agreed that the extensions would only be used for minor works and any major works are to be put through Constructionline and other such approved lists so as to allow more competition to be achieved.
- 5.4 After engagement with the LBS Heads of Service and LBS Programme Board the draft procurement strategy has been approved and will now be implemented. PPPU/procurement will work with LBS to ensure the strategy fits with the five year LBS Business Plan. A working group, including PPPU/procurement, LBS, CPM and Housing Leeds has been established to look at how the procurement strategy recommendations will be implemented over the next 12 months.

## 6. Recommendations

- 6.1 The Director of Resources and Housing is recommended to approve the extension of the following contracts for a period of 12 months for the package value listed below:

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## **7. Background documents<sup>1</sup>**

7.1 None.

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<sup>1</sup> The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.